

**ESCROW AGREEMENT  
FOR  
WORKING CAPITAL**

**U.S. Department of Housing  
and Urban Development  
Office of Housing  
Federal Housing Commissioner**

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THIS AGREEMENT is effective as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between \_\_\_\_\_, (hereinafter, the Mortgagor), and \_\_\_\_\_ (hereinafter, the Depository. In the event that the Depository is the Mortgagee, the term Depository refers to the Mortgagee acting as the Depository).

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The Mortgagor is the owner of a project known as \_\_\_\_\_ located in the City and County of \_\_\_\_\_, State of \_\_\_\_\_ and further identified as HUD Project No. \_\_\_\_\_, which project has been, is being, or will be constructed from proceeds of a mortgage loan (or deed of trust) from \_\_\_\_\_ (hereinafter, the Mortgagee) to Mortgagor with respect to which mortgage loan the Federal Housing Commissioner (hereinafter, the Commissioner) has issued his commitment to insure.

The commitment to insure is conditioned upon a working capital deposit being established and funded as indicated below and not included in the proceeds of the mortgage.

In consideration of the premises, the parties acknowledge and agree as follows:

1. The Mortgagor herewith deposits with the Depository and the Depository acknowledges receipt of the sum of \$ \_\_\_\_\_ (herein called the Deposit), in the form of cash or letter of credit at initial endorsement of the loan.
2. The Mortgagee controls the Deposit and it is understood that the funds in the Deposit may be released or allocated for the purposes indicated below and for no other purpose without the prior written approval by the Commissioner:
  - (i) The cost of equipping and renting the project after final completion of construction of the project (Note: Not applicable to Section 232 Mortgages for profit-motivated health related facilities);
  - (ii) For accruals during the course of construction, for interest, mortgage insurance premiums, taxes, ground rents, property insurance premiums and assessments, when funds available for these purposes under the Building Loan Agreement have been exhausted and also for allocation to such accruals after completion of construction if the income from the project, at that time, is insufficient to meet such accruals.
3. Any balance of said funds remaining in the Deposit one year after the construction completion date will be returned to the Mortgagor, provided that the mortgage is not in default, unless the Commissioner has directed other disposition.

4. The Mortgagee will not make any disbursements from the Deposit without the prior written approval of the Commissioner for projects involving Low-Income Housing Tax Credits where the Mortgagor certifies at firm commitment on an LIHTC project to apply any balance of said funds to the reserve for replacement or any other restricted account specified by the Commissioner.

5. The Deposit, if in the form of cash, shall be held by said Depository in such interest-bearing obligations of, or fully guaranteed by the United States of America, as shall be designated from time to time by the Mortgagor.

IN WITNESS WHEREOF, the parties have duly executed this Agreement.

**The foregoing agreement, undertaking, statement or certification has been made, presented and delivered for the purpose of influencing an official action of the Federal Housing Administration and the Federal Housing Commissioner, and may be relied upon by the Commissioner as a true statement of the facts contained therein.**

MORTGAGOR

\_\_\_\_\_

By\_\_\_\_\_

\_\_\_\_\_

Print Name and Title

DEPOSITORY / MORTGAGEE acting as DEPOSITORY

By:\_\_\_\_\_

\_\_\_\_\_

Print Name and Title